



Liberalisation and privatisation – a view from EPSU

European Federation of Public
Service Unions



EPSU



- Over 7.8 million members in
- More than 270 affiliated trade unions in
- 48 countries
- Sectors:
 - Health and social services
 - Local and regional government
 - National and European administration
 - Utilities: energy, waste and water



Social dialogue



- Recognised social partner in five sectoral social dialogue committees:
 - Electricity
 - Local and regional government
 - Hospitals
 - Gas
 - National administration



Liberalisation, privatisation and...



- Public services have been changed by a range of processes:
 - Liberalisation – introduction of markets and/or more competition
 - Privatisation – transfer of control/ownership of public sector organisations to the private sector
 - Marketisation and competitive tendering – testing of public sector providers against private sector
 - Public-private partnerships and concessions – long-term deals with private sector to deliver services and/or capital projects



EPSU on liberalisation



- Concern that markets do not always deliver and
- that public services cannot be treated in the same way as private services
- As trade unions our affiliates have a primary duty to defend their members' pay and conditions and
- In many cases, liberalisation has a negative impact on jobs and employment conditions
- But public sector unions are also concerned about the impact of liberalisation and privatisation on the quality, affordability and availability of public services



Energy liberalisation



- Main example of liberalisation at European level is in network industries and, among EPSU sectors in energy
- European Commission made claims about positive impact on jobs and benefits to consumers
- Impact on jobs in economy overall is matter for speculation – certainly not proven but evidence from energy sector is of 300,000 jobs lost or transferred from energy sector through outsourcing
- EPSU claims about job losses were substantiated by a 2007 report on the employment impact of liberalisation of the energy sector commissioned jointly by the social partners in the electricity and social dialogue
- The report also highlighted the spread of outsourcing and the impact this is likely to have had on many workers' terms and conditions



Energy liberalisation



Joint statement 2007

- “The social partners agree that the liberalisation of the electricity industry is one of the main reasons of change in the sector and has lead directly or indirectly to very active restructuring, causing an important loss of employment within the industry and to qualitative changes on the work floor. Because of the lack of data on outsourcing and job creation in new activities and in other sectors, the study however does not give a complete view on the total impact on employment.”



PIQUE project



- Three-year, six-country, four-sector project funded by DG Research
- Impact of privatisation and liberalisation on employment, productivity and quality of services in electricity, hospitals, post and local public transport
- Impact on productivity inconclusive – some evidence of increase after key events but no identifiable shift in productivity trend
- Mainly negative impact on jobs, employment conditions and industrial relations
- Recommended strong, comprehensive and accountable regulation



PIQUE project



Opinion polls

- Six countries – three services – no preferred market situation and equally (dis)satisfied with liberalized or privatized public services.
- Highest quality satisfaction but lowest price satisfaction in UK electricity.
- “Belgian and UK citizens responded most positively to the universality statements, had the highest reservations about the introduction of competition and were clearly anti-privatisation.”



PIQUE project



- “The PIQUE project has shown that liberalisation and privatisation of public services have largely negative effects on employment and working conditions and varied effects on productivity and service quality. Positive effects and better performance as compared to other countries were mostly the result of superior regulation rather than of competition or private corporate initiative.”
- “The PIQUE project has also shown that liberalisation and privatisation has fuelled inequality — among public sector workers who are paid different wages for the same jobs, as well as among consumers depending on their consumer power or the place where they live. Not surprisingly, the less well-off consumers are more critical towards liberalisation and privatisation.”



Alternative assessments



- The overall productivity growth rate remains largely unchanged after liberalization (its increase dates from the pre-liberalization phase).
- *Taking stock of the liberalisation of public utilities*, Niklas Noaksson, ETUI, 2005
- Social, environmental and employment impacts are a necessary part of the assessment of the impact of liberalization
- Assessment should be democratic and involve wide range of stakeholders
- Need recognition that competition is imperfect and there are oligopolistic and opportunistic elements that have to be tackled.
- Need independent evaluation
- *Self-assessment or public debate? -evaluating the liberalisation of network services in the EU and USA* PSIRU 2007 and *Evaluating the impact of liberalisation on public services*, PSIRU, 2004



Latest research



- Recent review of research found some cases where privatisation had delivered cost savings (mainly in technical areas like waste management)
- While the report found that the studies did reveal “minor cost savings” from contracting out, it points out that there is not enough evidence to show that these savings were achieved without a negative impact on quality.
- A further reservation about any cost savings comes from the fact that most studies also fail to take account of the cost of the contracting out process – administrative, legal and transaction costs – or the costs of monitoring the contracts once they are awarded.

Effects of contracting out public sector tasks - a research-based review of Danish and international studies from 2000–2011, Ole Helby Petersen, Ulf Hjelmar, Karsten Vrangbæk & Lisa la Cour



Latest research



- New study by Finnish public sector unions (December 2012)
- Often savings and increased productivity have been reached at the expense of the employees
- the collective agreement of the new service provider is not as good for employees as the old one.
- The study indicates that in many cases the decision to outsource public services has been motivated, at least partly, by political or ideological factors. This also makes it more difficult to compare the benefits and drawbacks of alternative solutions (public versus private provision of services).
- employer representatives who had made outsourcing decisions were reluctant to say what kind of savings or quality changes the outsourcing had brought
- www.fipsu.com



Public-Private Partnerships



- Promoted by the European Commission and some national governments as a solution to public spending restraints
- PPPs are essentially a form of privatisation and raise similar questions about the impact on workers' jobs and pay and conditions
- No systematic evaluation of projects actually undertaken
- Serious doubts about true assessments of costs of process – lack of transparency



PPPs



- Public sector pays for transfer of risk but is still ultimately responsible for delivering the service
 - Major question mark about whether there is fair and unbiased comparison between public sector and PPP option in terms of value for money, irrespective of social impact
 - Size and complexity restricts number of likely bidders
- Myths about PPPs*, briefing for MEPs, PSIRU, October 2011



Debate continues...



- Claims about liberalisation are not proven
- EPSU will continue to work with researchers on evaluation of impact of restructuring of public services and role of the private sector
- Need to continue the debate and as part of that EPSU is following the latest developments in its Public Service Monitor:
- <http://www.epsu.org/r/578>